



Charlotte Business INClusion



Economic Development Committee Meeting

July 23, 2018



Agenda

- **Economic Development Strategy for Capacity Building and Connecting MWBEs**
 - MWBE Business Opportunity Areas
- **Good Faith Efforts**
 - FY18 Bid Awards through GFEs
 - FY18 Bid Rejections
 - Policy Recommendations
- **Construction Manager at Risk Contracts**
 - Current CBI Subcontracting Goal Process
 - Policy Recommendations
- **NC General Statutes Regarding Payments to Subcontractors**
 - City of Charlotte Construction Payment Process



Economic Development - Charlotte Business Inclusion Strategy



Forecast
Identify
Prepare
Cultivate
Certify

Forecast – Corporate Procurement/Charlotte Business Inclusion/Economic Development

Phase I

- First ever City-wide forecasting schedule of City's procurement needs to identify associated MWBE opportunities
- Develop database of planned city procurements
- Early notification for business planning
- Enhanced transparency for greater inclusion


Phase II

- One stop portal with enhanced forecasting features that allow businesses to plan and prepare for future city vendor solicitation opportunities
- Increased transparency and communication of opportunities to business community

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Economic Development - Charlotte Business Inclusion Strategy



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Identify – Areas with no/low MWBE availability

- Departments with most opportunities surveyed by Charlotte Business Inclusion
 - Engineering and Property Management
 - Charlotte Area Transit System (CATS)
 - Charlotte Water
 - Aviation
- Departments asked to look at areas with projects where no goals had been set because availability of firms was low

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Economic Development - Charlotte Business Inclusion Strategy

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Identify – Areas with no/low MWBE availability

MWBE BUSINESS OPPORTUNITY AREAS		
CONSTRUCTION	PROFESSIONAL SERVICES	GOODS/COMMODITIES
Electrical (General)	Architectural Engineering	De-icing Materials
Plumbing	Landscape Architectural	Airfield Lighting
HVAC	Real Estate (eminent domain, condemnation)	Veterinary Equipment
Millwork	Easement Clearing	Solid Waste Bags
Steel (Structural & Misc)	Electric & Gas Utility Services	Training Materials
Glass	Exterminator (Bird Nesting)	Lab Supplies
Fire Protection	Easement Clearing	Animal Food
Masonry	Aerial Imagery	Degreasing Materials
Pre-cast Concrete	Benefits Consulting	Passenger Tickets w/Magnetic Strips
Welders	Petroleum Fuel	Windshields

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Economic Development - Charlotte Business Inclusion Strategy

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Prepare


- Short Term – Identify firms with capacity that aren't certified
- Medium Term – Build capacity in early stage companies
 - e.g. – (improve financial management ability, assist with obtaining licensing, business planning, marketing)
- Help firms expand offerings

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Economic Development - Charlotte Business Inclusion Strategy






Prepare

- AMP Up Charlotte: 6 – 8 Month Capacity Building Program
 - 20 early stage businesses have begun programs with nationally-recognized curriculum
 - Business types consistent with City procurement opportunities
 - Potential, sustainable capacity-building model for ongoing City and private MWBE efforts
- CPCC – business classes and licensing opportunities
- Other Charlotte Business Resources Partner programs
- Measurable Impacts
 - Increase in MWBE spending

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Economic Development - Charlotte Business Inclusion Strategy






Cultivate

- Help companies start that can grow into City contractors
- Leveraging and collaborating with private sector collaboration and leveraging to grow, mentor and prepare companies

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Economic Development - Charlotte Business Inclusion Strategy



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Cultivate
Events

- Black Enterprise Doing Business In Charlotte Event - June 9
 - Over 200 business owners throughout region
- City/NCDOT Joint Outreach Meeting - June 26
 - 27 construction-related and professional services firms
- Large City outreach meeting planning for FY19

Measurable Impacts:

- Enhanced relationships with between city and business community
- Increase in certified firms
- Increase in goal percentages

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Economic Development - Charlotte Business Inclusion Strategy



Forecast
Identify
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Cultivate
Certify

Certify

- Online certification (coming Fall 2018)
- Community Recruitment and Outreach Strategy
 - Town Hall Meeting with NC Department of Administration in September 2018
 - Strengthen partnerships with NC Historically Underutilized Business (HUB) Office and Carolinas-Virginia Minority Supplier Development Council (CVMSDC)
 - Expand outreach to entire geographic area
 - Intentional marketing of CBI Program to business networks in the “no/low MWBE business opportunity areas”
 - PR opportunities with local media and social media outlets

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Responses to Economic Development Committee Questions from June 25, 2018 Meeting

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Good Faith Efforts

FY18 Analysis (as of 6/25/18)



- A total of 13 Good Faith Effort (GFE) reviews were completed by staff in FY18
 - Seven (7) bids were awarded through GFEs
 - Six (6) bids were rejected for CBI non-compliance
 - The table below highlights the GFEs claimed/awarded for all 13 GFE reviews
- Staff rigorously evaluates "claimed" GFE points

Good Faith Efforts Categories*	Points	Frequency Claimed	Frequency Awarded
Contacts	10	92%	46%
Making Plans Available	10	92%	38%
Breaking Down Work	15	85%	46%
Working with MSBE Assistance Organization	10	38%	15%
Attendance at Pre-Bid	10	77%	77%
Bonding or Insurance Assistance	20	46%	23%
Negotiating in Good Faith	15	54%	31%
Financial Assistance	25	38%	23%
Entering into Joint Venture	20	0%	0%
Quick Pay Agreement	20	38%	31%

**Required by State of NC*

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Good Faith Efforts

FY18 Analysis (as of 6/25/18)



Seven (7) awarded bids satisfied GFE requirements



Project	Bidder	Established Goal(s)	Committed Goal(s) at Bid	GFE Points Awarded
American Airlines Line Maintenance Hanger Expansion	Messer Construction	MBE: 6% SBE: 12%	MBE: 1.97% SBE: 11.53%	SBE-80 MBE-80
North Tryon St. Business Corridor Project	Sealand Contractors	MBE: 5% SBE: 22%	MBE: 16.36% SBE: 17.65%	SBE-60
Airport Vehicle Maintenance Facility Construction	Walbridge Southeast	MBE: 6% SBE: 10%	MBE: 16.62% SBE: 8.41%	SBE-110
Gum Branch Outfall Replacement	Sanders Utility Construction	MSBE: 8%	MSBE: 5.29%	65
Marlow-Waverly Water Quality Enhancement Project	United Construction Company	MBE: 5% SBE: 16%	MBE: 3.76% SBE: 16.8%	MBE-55
Sugar Creek 54 inch Sanitary Sewer Rehabilitation	Instituform Technologies	MSBE: 7%	MSBE: 0%	60
Airport Main Data Center Utilities Upgrade Construction	Edison Foard	MBE: 4% SBE: 8%	MBE: 31.66% SBE: 5.73%	SBE-120

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Good Faith Efforts

FY18 Analysis (as of 6/25/18)



Six (6) bids rejected due to CBI non-compliance

(not meeting the subcontracting goal(s) at bid and unable to document GFEs)



Project	Bidder	Established Goal(s)	Committed Goal(s) at Bid	GFE Points Claimed	GFE Points Awarded
Airport Vehicle Maintenance Facility Construction	KMD	MBE: 6% SBE: 10%	MBE: 0% SBE: 0.41%	65	SBE-10 MBE-30
Scofield Rd. Storm Drainage Improvement Project	Zoladz Construction	MBE: 6% SBE: 18%	MBE: 7.6% SBE: 12.57%	105	SBE-0
1419 North Graham St Roof and Window Replacement	Rike Roofing Services (1 st lowest bidder)	MSBE: 15%	MSBE: 1.8%	60	10
1419 North Graham St Roof and Window Replacement	TeamCraft Roofing (2 nd lowest bidder)	MSBE: 15%	MSBE: 0%	0	0
FY2018 Sanitary Sewer Rehabilitation	AM-Liner East Contracting	MSBE: 10%	MSBE: 8.69%	55	MSBE-10
Royston Rd Channel Stabilization	Sunrise Repair and Construction	MBE: 10%	MBE: 0%	115	MBE-10

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Good Faith Efforts



Policy Considerations:

1. Reduce GFE point value from "15" to "10" for the following GFE categories*:
 - Breaking Down Work
 - Negotiating in Good Faith with MWSBEs
2. Charge CBI Advisory Committee (CBIAC) to review opportunity for "new" GFE categories
 - CBIAC to submit recommendations to staff by August 16th
 - ED Committee to review final recommendations at August 27th ED Committee Meeting

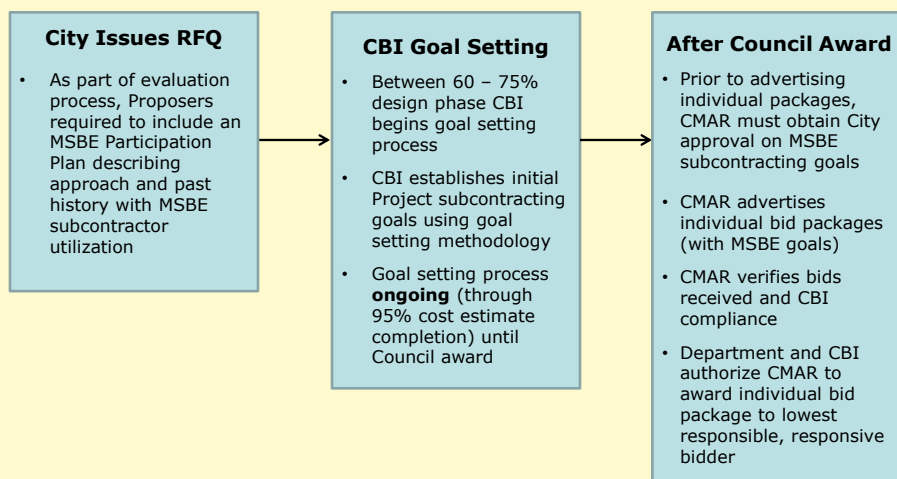
**Supported by CBI Advisory Committee*

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Construction Manager at Risk Contracts

CBI Subcontracting Goal Process (current)



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Construction Manager at Risk Contracts



Considerations:

1. Remove policy language that goals are "negotiated." By practice staff has consistently derived goals by formula and stuck to the goal.



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NC General Statutes Regarding Payments to Subcontractors



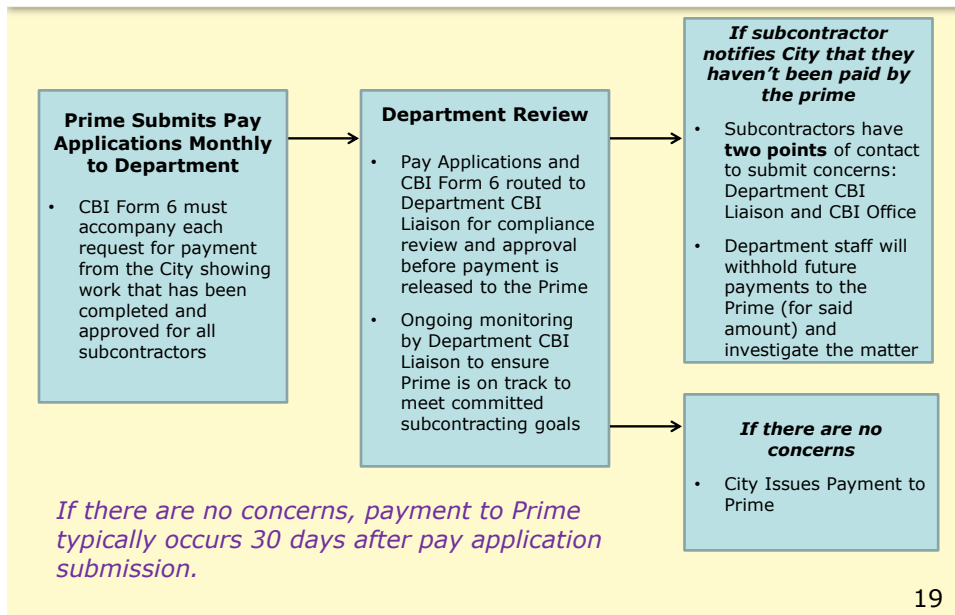
- Require prime contractors to pay subcontractors in a timely manner?
 - Answer – No
 - Reason – N.C.G.S. 160A-20.1
 - Cannot require a bidder to perform an action that the City could not impose on non-bidder
- Require prime contractors to pay subcontractors within seven days of receiving payment from the City?
 - Answer – Yes
 - Reason – N.C.G.S. 143-134.1



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Construction Payment Process



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